

Allocation Model

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Background

UNIVERSITY OF MAINE SYSTEM

University of Maine at PRESQUE ISLE

University of Maine System

THE UNIVERSITY OF MAINE

FARMINGTON

UMA AUGUSTA

USM

UNIVERSITY OF MAINE SYSTEM

MACHIAS

UNIFIED BUDGET

September 2011

Final Recommendations

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thinkmissionexcellence.maine.edu

Challenges

Opportunity for change is limited by current allocations, fiscal challenges and lack of new resources

Current allocation model has been in place with very minimal change for nearly 50 years. This limited the team's ability to shift existing resources without causing significant disruption across the campuses.

Campuses are in varying states of fiscal health. Again, this limited the team's options when it came to reallocating resources internally.

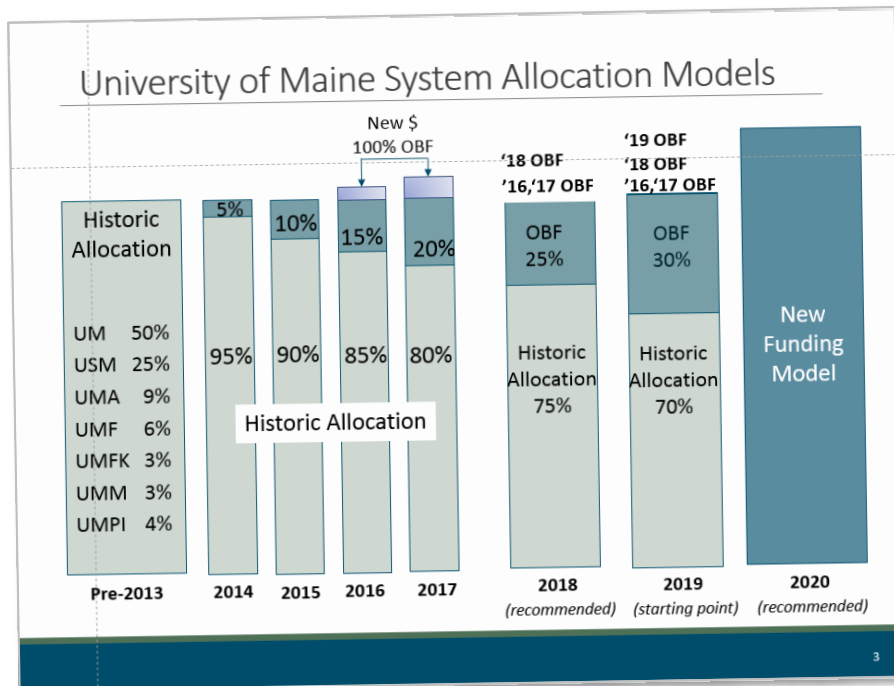
Every campus can make a strong case for additional resources but reallocation is a zero sum game unless new resources are identified.



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Recommendation 1
Adjust campus base budgets – step 1

Considerations

- Adjustment for original OBF recommendation
- Make adjustment to increase OBF share of historic compensation in FY18 to 30% (or 20% for FY17)

Recommendation 2
Transition to new funding model that recognizes real campus costs – step 2

Highlights of model

Recommendation 3
New Appropriations

Background

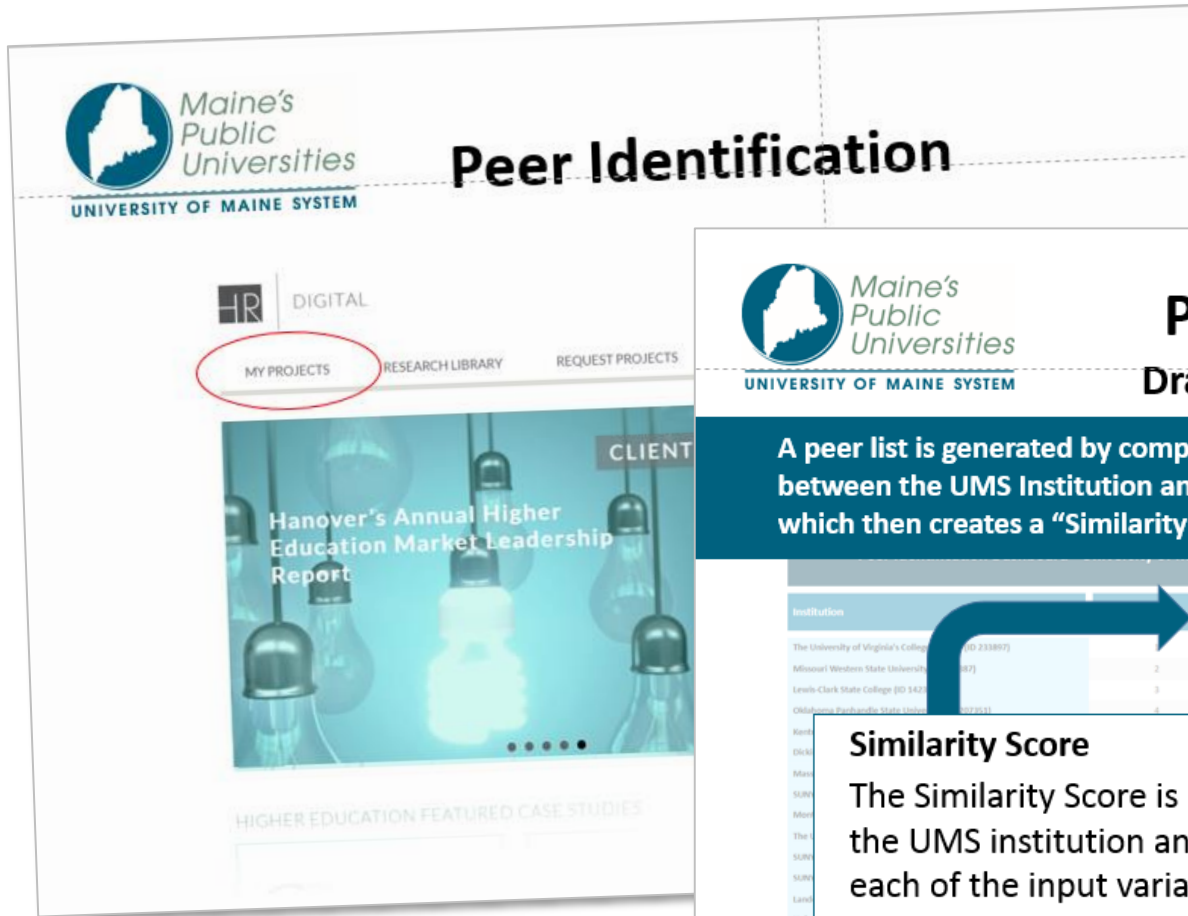
- As part of the BOT policy that implemented Outcomes Based Funding in FY2012, 100% of any new appropriations flow through the OBF formula. Prior to FY2012, all incremental appropriations were distributed according to the historic funding "formula."

Recommendation

- Beginning in FY19, incremental state appropriations over the base FY18 funding levels (after FY19 OBF adjustment) will be allocated in the following ways:
- 70% of any new appropriation will be distributed to campus base budgets with a goal of fully funding the new allocation model – see Recommendation 2. In the event that funding is not adequate to achieve 100% funding, allocations to each campus will be pro-rated according to the ratios between campuses that are suggested in the model. New FY18 appropriations would be distributed via current OBF model for FY18 only.
- 30% of any new appropriation will be invested in strategic initiatives developed by the Chancellor, in consultation with the President's Council, for consideration and approval by the Board of Trustees.

Allocation

Background



Peer Identification

The screenshot shows the "Peer Identification" tool interface. At the top left is the logo with the text "Maine's Public Universities" and "UNIVERSITY OF MAINE SYSTEM". To the right is the title "Peer Identification" and "Draft Peers: Similarity Scores". Below the title is a blue banner with white text: "A peer list is generated by computing a singular measure of 'similarity' between the UMS Institution and each prospective peer institution, which then creates a 'Similarity Score'". Below the banner is a table of peer institutions with a "Similarity Score" column circled in red. A blue arrow points from the "Similarity Score" column to a text box. The text box contains the title "Similarity Score" and the text: "The Similarity Score is based on the 'distance' between the UMS institution and each peer institution along each of the input variables." To the right of the table are several input variables with sliders, including "Percent of total incoming freshmen submitting SAT scores", "SAT critical Reading scores (avg. of 25th and 75th percentiles)", "SAT Math Scores (avg. of 25th and 75th percentiles)", and "Transfer-out rate - Bachelor cohort".

Peer Identification

Draft Peers: Similarity Scores

A peer list is generated by computing a singular measure of "similarity" between the UMS Institution and each prospective peer institution, which then creates a "Similarity Score"

Institution	Rank	Similarity Score
The University of Virginia's College at Wise (ID 233897)	1	0.0655
Missouri Western State University (ID 187)	2	0.1083
Lehigh-Clark State College (ID 342)	3	0.1109
Oklahoma State University (ID 20203)	4	0.1142

Similarity Score

The Similarity Score is based on the "distance" between the UMS institution and each peer institution along each of the input variables.

Percent of total incoming freshmen submitting SAT scores: 0% to 100%
SAT critical Reading scores (avg. of 25th and 75th percentiles): 0 to 1000
SAT Math Scores (avg. of 25th and 75th percentiles): 0 to 1000
Transfer-out rate - Bachelor cohort: 0% to 100%

Allocation Model

Team Members

Ryan Low, *Vice Chancellor for Finance & Administration, UMS*

Miriam White, *Vice President Budget & Financial Analysis, UMS*

Claire Strickland, *Chief Business Officer, UM, UMM*

Laurie Gardner, *Chief Business Officer, UMF*

Pam Ashby, *Chief Business Officer, UMFK*

Buster Neel, *Chief Business Officer, USM*

Advisors

Robert Placido, *Associate Vice Chancellor for Academic Affairs, UMS*

David Jones, *Financial Analyst, UMS*

Draft Peers



Peer Cost Centers

- A. Instruction
- B. Research
- C. Public Service
- D. Academic Support
- E. Library
- F. Student Services
- G. Institutional & Administrative Support
- H. Facilities
(Operations, Maintenance, Depreciation)

3-Year Peer Data

	Peer Institution	Instruction	Research	Public Service	Academic Support	Student Services	Facilities	Institutional Support
FY15	Peer #1	101,357,905	94,045,597	35,056,510	30,968,998	34,620,608	29,828,027	16,145,105
	Peer #2	73,910,718	50,475,320	25,371,426	14,136,599	19,995,389	31,551,895	23,539,445
	Peer #3	96,084,743	71,330,870	31,539,424	14,228,179	19,546,150	28,667,586	31,407,553
	Peer #4	150,332,217	101,608,854	9,000,814	44,118,305	16,932,593	34,617,312	28,841,214
	Peer #5	109,001,664	74,243,528	8,316,657	43,450,600	31,791,909	37,242,519	36,161,153
	Peer #6	175,635,000	88,204,000	59,085,000	61,747,000	41,797,000	46,173,000	42,505,000
	Peer #7	146,255,033	74,358,287	38,423,794	31,481,394	16,263,029	26,908,601	46,275,995
FY14	Peer #1	94,314,665	92,490,360	33,717,116	29,932,047	28,859,483	27,462,212	13,618,743
	Peer #2	71,645,011	50,597,629	25,867,725	13,049,538	18,362,382	31,869,684	22,789,969
	Peer #3	95,742,374	69,705,657	31,345,298	15,402,204	18,698,970	25,172,508	30,625,196
	Peer #4	141,140,690	105,077,529	8,070,232	40,423,455	16,159,461	18,795,933	30,878,364
	Peer #5	110,741,391	80,122,265	8,364,634	42,472,505	32,019,592	36,870,963	41,631,276
	Peer #6	173,017,000	83,068,000	60,268,000	60,510,000	38,309,000	46,654,000	45,771,000
	Peer #7	144,238,744	72,879,351	38,220,349	32,422,549	15,913,709	26,039,478	43,323,031
FY13	Peer #1	86,808,922	91,198,346	32,248,769	28,997,543	14,624,038	22,941,462	15,380,074
	Peer #2	68,601,082	52,551,044	26,312,527	11,654,591	18,155,427	25,940,520	21,419,291
	Peer #3	100,481,998	72,243,038	29,134,674	19,663,106	13,642,688	26,002,167	24,343,834
	Peer #4	138,676,931	117,782,762	7,410,987	37,478,974	14,936,041	20,180,331	32,784,754
	Peer #5	101,079,985	82,465,894	8,805,888	41,113,224	30,171,157	35,797,180	41,407,955
	Peer #6	168,364,000	87,786,000	57,003,000	58,187,000	35,587,000	40,157,000	41,256,000
	Peer #7	139,961,136	76,559,971	36,977,743	30,911,902	14,518,736	23,785,873	39,801,539
Peer 3-Year Avg		118,683,560	80,679,174	29,258,942	33,572,996	23,436,784	30,602,774	32,034,041
3-Yr Avg - Peers adj for HEPI & CPI		130,849,427	89,296,733	32,354,153	37,139,073	25,947,055	34,253,187	35,456,598

Calculating Cost Centers

Calculate Peer Instructional Cost

Applied to UMSXX Student FTE

Peers - 3-Year Average Instruction	\$50,000,000
Peers - 3-Year Average Student FTE	5,000
Peers - Instructional Cost per Student FTE	\$10,000
UMSXX - 3-Year Average Student FTE	3,000
Peer Instructional Costs Adjusted for UMSXX Student FTE	\$30,000,000

Calculated Peer Total Unrestricted Costs

(Excluding Auxiliary) Applied to UMSXX

Instruction	\$ 30,000,000
Research	5,600,000
Public service	1,000,000
Academic Support	5,000,000
Library Costs	2,000,000
Student Services	6,000,000
Institutional & Administrative Support	3,000,000
Facilities (Operations, Maintenance, Depreciation)	7,000,000
Scholarship and Fellowship Costs (<u>UMSXX Costs</u>)	4,000,000
Total Unrestricted Costs (Excluding Auxiliary)	\$ 63,600,000

Cost Share: State & Student

Cost Share: State & Student									
	Total Peer Cost	UMSXX Student FTE %		State's Suggested Share		State Calculated Support		Student Calculated	
		Resident	Non-Res	Resident	Non-Res	Resident	Non-Res	Resident	Non-Res
Undergraduate	\$ 56,651,052	90.00%	10.00%	60.00%	0.00%	\$ 30,591,568	\$ -	\$ 20,394,379	\$ 5,665,105
Graduate (Masters, Doctoral, Law)	\$ 6,948,948	85.00%	15.00%	35.00%	0.00%	\$ 2,067,312	\$ -	\$ 3,839,294	\$ 1,042,342
Total	\$ 63,600,000					\$ 32,658,880		\$ 24,233,673	\$ 6,707,447

	UMSXX Student FTE %		State's Suggested Share	
	Resident	Non-Res	Resident	Non-Res
UnderGrad	90.00%	10.00%	60.00%	0.00%
Grad	85.00%	15.00%	35.00%	0.00%

Parity Calculation

								New Appropriation
								\$ 1,000,000
Campus	Peer Adjusted Costs for UMS	Calculated State Support - Model	Current Appropriation	Net Variance	% Funded	Disparity Factor	Disparity Percent	Parity Allocation
UMS XX	\$ 63,600,000	\$ 32,658,880	\$ 29,000,000	\$ (3,658,880)	88.8%	11.20	12.02%	120,187
UMS CC	\$ 55,000,000	\$ 26,000,000	\$ 25,000,000	\$ (1,000,000)	96.2%	3.85	4.13%	41,261
UMS LL	\$ 40,000,000	\$ 15,000,000	\$ 10,000,000	\$ (5,000,000)	66.7%	33.33	35.76%	357,592
UMS RR	\$ 80,000,000	\$ 40,000,000	\$ 35,000,000	\$ (5,000,000)	87.5%	12.50	13.41%	134,097
UMS ZZ	\$ 33,000,000	\$ 25,000,000	\$ 19,000,000	\$ (6,000,000)	76.0%	24.00	25.75%	257,466
UMS NN	\$ 21,000,000	\$ 6,000,000	\$ 5,500,000	\$ (500,000)	91.7%	8.33	8.94%	89,398
UMS YY	\$ 47,000,000	\$ 18,000,000	\$ 18,500,000	\$ 500,000	102.8%	0.00	0.00%	-
						93.22	100.00%	1,000,000

What's Next?
Questions?
